



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

April 29, 2011

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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains a pursuit of County position on legislation to establish the County Deferred Property Tax Program For Senior and Disabled Citizens, and an update on the status of Vehicle License Fee related legislation.

Pursuit of County Position on Legislation

AB 1090 (Blumenfield), as introduced on February 18, 2011, would establish the County Deferred Property Tax Program For Senior and Disabled Citizens. Specifically, this bill would allow counties, at their option and by a resolution by the board of supervisors, to implement this program, which would allow qualified senior and disabled citizens' property owners to defer their property taxes until the property is sold. The property taxes would be secured by a first lien on the property to be collected when ownership of the house changes or is refinanced, and would allow counties to be able to charge a fee for the administration of the program.

The Senior Citizen's Property Tax Postponement Program offered income-eligible seniors and the disabled the opportunity to postpone their property tax payments, in exchange for full repayment with interest, but the program was eliminated as part of the February 2009 State Budget agreement. The program had a minimal start-up cost and, in most years, generated revenue for the State General Fund.

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The California State Association of Counties (CSAC) indicates that a workgroup of county assessors, auditor-controllers, and treasurer-tax collectors, has been working with the bill's author, Assembly Member Blumenfield, the State Controller's Office, and the State Treasurer's Office to improve the program and ensure it is fully self-funded. According to CSAC, counties strongly endorse the priority lien as a long-standing practice for collecting local taxes and assessments. The proposed Tax Deferral Program would authorize deferral and later payment of property taxes, thus the appropriate placement of the lien is first status.

The California Assessor's Association (CAA) indicates that a similar program was in effect for over 30 years, which helped thousands of elderly and disabled citizens to remain in their homes. CAA also indicates that the Association rarely takes positions on legislation not related to the administration of property taxes, but it decided to support AB 1090 because without assistance, property owners are vulnerable to eviction, foreclosure and victimization by scam artists.

The Treasurer and Tax Collector, Assessor's Office and this office support AB 1090. Therefore, consistent with Board policy to support resources for meeting the operational costs of housing and related supportive service needs of special populations, including elderly, disabled and mentally-ill persons, **the Sacramento advocates will support AB 1090.**

This measure is supported by CSAC, CAA, the Association of American Retired Persons and the California Senior Legislature. There is no opposition currently on file.

AB 1090 is scheduled for a hearing in the Assembly Revenue and Taxation Committee on May 2, 2011.

Status on Vehicle License Fee Legislation

SB 94 (Committee on Budget and Fiscal Review), which as amended on April 15, 2011, would require the Department of Motor Vehicle (DMV) to delay renewal notices by at least one month starting with drivers whose registrations are due to expire on July 1, 2011. The measure also allows drivers an extra month to pay their registration fees, up to one month after their current registration has lapsed. SB 94 passed the Assembly Floor by a party-line vote of 50 to 21 on April 28, 2011. This measure now proceeds to the Senate. It is anticipated that this measure will be acted on as early as Monday, May 2, 2011.

Approval of SB 94 is intended to allow lawmakers additional time to continue negotiating the Governor's proposed tax extensions. Democratic legislators are seeking to delay the DMV notices for drivers whose vehicle registration expires on July 1, 2011, or later, to provide another month to continue negotiations to maintain the current VLF rates.

Under current law, the DMV is required to send notices at least 60 days before the renewal due date, which means the DMV is required to send notices by May 2, 2011 to motorists whose vehicle registrations are up for renewal on July 1, 2011.

Status of County-Advocacy Legislation Regarding Local Public Safety Funding

As previously reported to your Board, the temporary VLF rate increase is scheduled to expire on June 30, 2011. **Absent an extension of the existing VLF rate, or identification of an alternative revenue source, the County would lose approximately \$135.8 million for various public safety programs.** The County is currently advocating for the following key bills for local public safety funding:

County-supported AB 66 and ABX1 9 (Chesbro), are identical urgency measures, which as introduced on December 13, 2010, would permanently extend the temporary VLF rate increase for local public safety programs. AB 66 is currently awaiting a hearing in the Assembly Appropriations Committee. ABX1 9 is awaiting a hearing in Assembly Revenue and Taxation Committee.

County-supported AB 168 (Gorell), which as introduced on January 20, 2011, would appropriate \$506.4 million from the State General Fund to the Local Safety and Protection Account to fund local public safety programs effective July 1, 2011, for FY 2011-12. This measure is awaiting a hearing in the Assembly Public Safety Committee.

County-supported AB 192 (Logue), as amended on February 22, 2011, is an urgency measure that would appropriate \$500.0 million from the State General Fund to the Local Safety and Protection Account to fund local public safety programs beginning on July 1, 2011, and each July 1 thereafter, for a period of five years. This measure is awaiting a hearing in the Assembly Revenue and Taxation Committee.

County-supported ACAX1 2 and SCAX1 1 (the Schools and Local Public Safety Protection Act of 2011), are identical measures, which would enact a constitutional amendment to provide counties with protections for programs proposed for realignment and to seek voter approval of a five-year extension for approximately \$11.2 billion in tax revenues. The revenue would be used to help fund the transfer of \$5.9 billion in program responsibilities from the State to counties for various public safety programs,

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including continuation of existing VLF-funded public safety programs; supervision of low-level offenders; adult parole; high-risk juvenile offenders; court security; CAL FIRE; child welfare; adult protective services; certain mental health programs; and substance abuse treatment services. SCAX1 1 is in the Senate Appropriations Committee and ACAX1 2 is in the Assembly Budget Committee awaiting hearings.

We will continue to keep you advised.

WTF:RA
MR:GA:RM:sb

c: All Department Heads
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